

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7187**

**BILL NUMBER:** SB 385

**NOTE PREPARED:** Apr 30, 2013

**BILL AMENDED:** Apr 26, 2013

**SUBJECT:** Municipal Utilities.

**FIRST AUTHOR:** Sen. Charbonneau

**FIRST SPONSOR:** Rep. Wolkins

**BILL STATUS:** Enrolled

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
**FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** *Utility Contracts:* The bill provides that a utility that:

- (1) provides or receives wholesale sewage service; and
- (2) negotiates to renew an expiring contract or enter into a new contract for wholesale sewage service;

may file a petition for review of the rates and charges for the wholesale sewage service with the Indiana Utility Regulatory Commission (IURC) or a court, but not both.

*Commission Public Utility Fund Account:* The bill deposits certain expense reimbursements paid by municipal utilities for investigations conducted by the IURC into the Commission public utility fund account. (Under current law, the amounts paid are deposited in the State Treasury.)

*Remonstrations:* The bill provides that a contract for the construction of a municipal sewage works may not require certain landowners to waive the right to remonstrate against annexation by the municipality.

*Interim Study:* The bill urges the Legislative Council to assign to the Environmental Quality Service Council for study during the 2013 legislative interim the topic of rates and charges imposed by water, wastewater, and combined water and wastewater utilities for service to users located outside the corporate boundaries or service territory of the utilities.

**Effective Date:** Upon Passage; January 1, 2013 (Retroactive); July 1, 2013.

**Explanation of State Expenditures:** *Utility Contracts:* The Utility Regulatory Commission (IURC) may

experience increased administrative costs to review rates and charges for wholesale sewage services contracts. The amount of the increase is indeterminate, but will be based on the number of cases brought concerning wholesale rates. The IURC is authorized under existing law to offset any expenses by charging a municipal utility for the expenses of an investigation.

*Interim Study:* If the Environmental Quality Service Council (EQSC) were to hold additional meetings to address the rates and charges imposed by water, wastewater, and combined water and wastewater utilities for service to users located outside the corporate boundaries or service territory of the utilities, there would be additional expenditures for legislator per diem and travel reimbursement for the EQSC members. Any additional expenditures must be within the EQSC's budget, which is established by the Legislative Council.

**Explanation of State Revenues:** *Commission Public Utility Fund Account:* Under the bill, expense reimbursement paid by municipal utilities to the IURC would be deposited into the Commission public utility fund account rather than the state General Fund.

The amount that would be placed in the fund that pays for IURC operations is indeterminate based on prior year deposits. The following table indicates the amounts that have been received by the IURC. [Note: The amounts may increase under the bill to include expenses for sewage rates and charges reviews which currently are not included in the types of cases the IURC may review.]

FY	Expense Reimbursement
2010	\$147,171
2011	215,015
2012	436,700

**Explanation of Local Expenditures:** An action for review of rates and charges may already be brought in a circuit or superior court. If cases go to the IURC instead, less court time may be required. However, if landowners are not required to waive the right to remonstrance against annexation by a municipality that provides wholesale sewage services to another municipality, the court caseloads could increase.

**Explanation of Local Revenues:**

**State Agencies Affected:** IURC; Legislative Council, Environmental Quality Services Council; circuit or superior courts.

**Local Agencies Affected:** Wastewater utilities; trial courts.

**Information Sources:** State Auditor's Data.

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